



DAYTON



2017 Budget Overview

City Manager's Recommendations

November 9, 2016

Thank You Dayton Citizens

for

Supporting Issue 9

An Opportunity for ALL Dayton



Today's Work Session

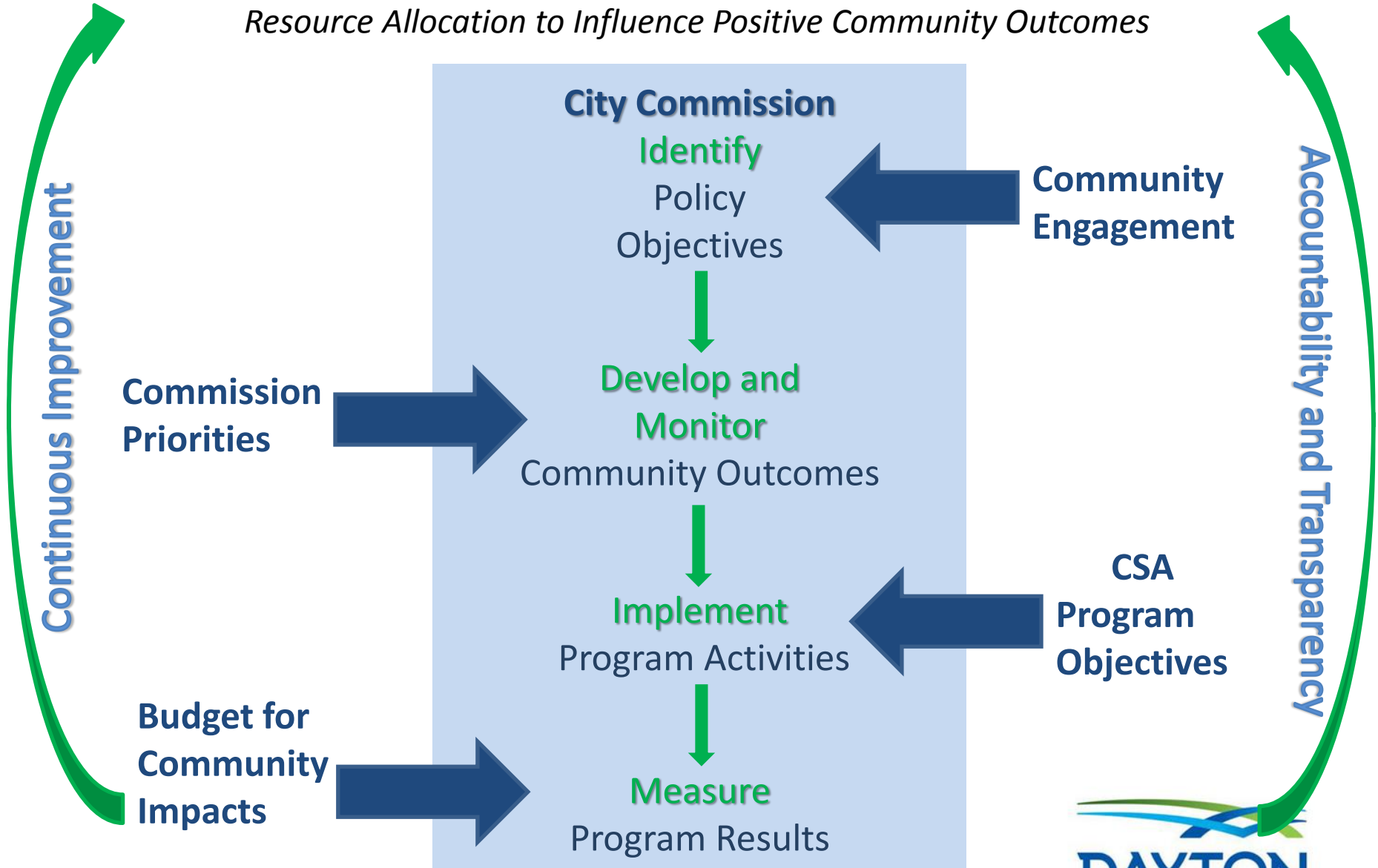
1. Background and Overview of the Policy Budget Process
2. Issue 9 Supplemental Budget
3. Total Operating and Capital Sources
4. General Fund Revenue Estimates Assumptions
5. Expenditure Budgets
6. Department Presentation Schedule
7. Overview Summary

Background

1. In November of 2014, a charter amendment was approved by voters that changed the budget process.
2. In 2015, City Commission adopted a new budget ordinance and a new budget process was implemented. Major components include:
 - a) Policy focus
 - b) Emphasis on Community Outcomes
 - c) Program Objectives and Performance Measures
 - d) Financial Policies

City of Dayton Policy Budget

Resource Allocation to Influence Positive Community Outcomes



Policy-Based Budget

1. The budget is divided into Community Service Areas (CSAs).
2. Each CSA is comprised of a group of programs with an integrated mission to address a set of Commission priorities.
3. Community Outcome Metrics assess the impact of these priorities in the community.
4. Each program has its own objectives and measures to determine how effective they are in driving results.
5. The organizational emphasis is on continuous improvement to achieve our objectives.

Community Service Areas

◆ Community Service Areas are comprised of a group of programs with an integrated mission to address a set of City Commission priorities

◆ CSAs are linked together to form the framework for the City's Policy Budget



Community Outcome Metrics

◆ Community Outcome Metrics measure the impact of City programs on a set of community indicators

◆ OMB is developing baseline Community Outcome Metrics (COMs)

◆ A catalog of the COMs will be published in the coming months

Community Outcome Metrics

- | | |
|---|---------------------------------------|
| ☑ Job Creation and Investment in the City | ☑ Fire Damage |
| ☑ Median Household Income | ☑ Recycling Tonnage |
| ☑ Vacant Structures | ☑ Carbon Footprint |
| ☑ Office Occupancy Rates | ☑ Exterior Housing Condition |
| ☑ Property Values | ☑ Waste Water Effluent Quality |
| ☑ Third Grade Reading Level | ☑ Water Quality and Volume |
| ☑ Summer Learning Opportunities | ☑ Consumer Confidence Index |
| ☑ Immigrant Population and Investment | ☑ Apparatus Uptime |
| ☑ Recreational Opportunities | ☑ Pavement Condition Index |
| ☑ Airport Passenger Enplanements | ☑ Water/Sewer Condition Index |
| ☑ Workforce Demographics | ☑ Water Affordability Index |
| ☑ % MBE/Local Participation | ☑ Severe Weather Response |
| ☑ City's Bond Rating | ☑ Inventory of Healthy/Diseased Trees |
| ☑ Accountability and Transparency | ☑ Park and Open Space Condition |
| ☑ Support all Community Outcomes | ☑ Pedestrian and Vehicle Safety |
| ☑ Percentage of Voter Turnout | ☑ Non-Airline Revenue per Passenger |
| ☑ Community Interaction | ☑ Airport Usability Index |
| ☑ Response Times | ☑ Personal and Property Crimes |
| ☑ Permits Issued | ☑ Crimes Involving Guns |
| ☑ Police-Community Interaction Surveys | ☑ Court Diversions |
| ☑ Incarceration and Recidivism | ☑ Police-Youth Engagements |
| ☑ Percent MBE/Local Participation | |

Presentation Focus

1. Prior to 2016, our presentation focus was on the General Fund, Enterprise Funds and CDBG as discrete and separate units.
2. This is our second year of presenting the budget according to Community Service Areas and the programs that compose each area.
3. Accordingly, we will be combining the following parts of the City Budget in this overview as well as in the presentations of each respective Community Service Area:
 - a) **Operating** – General Fund, Roadway Maintenance, Enterprise Funds, Major Grants and Special Assessment Funds
 - b) **Capital Improvements** – Enterprise, General Capital and Special Assessments
4. We will not present Special Projects, Bond Retirement, Non-major Grants and Other Special Revenue Funds.

Presentation Focus

5. Internal Service Funds will be discussed during the last presentation and are not included in the overview numbers.
6. We will provide General Fund Sources and Uses, revenue assumptions as well as the estimated Cash Reserve.
7. The budget presented does not include the additional spending related to Issue 9; rather, it is shown as a separate supplemental budget. The General Fund budget does incorporate \$2.5M for maintaining service levels for Public Safety.



Issue 9

2017 Supplemental Budget

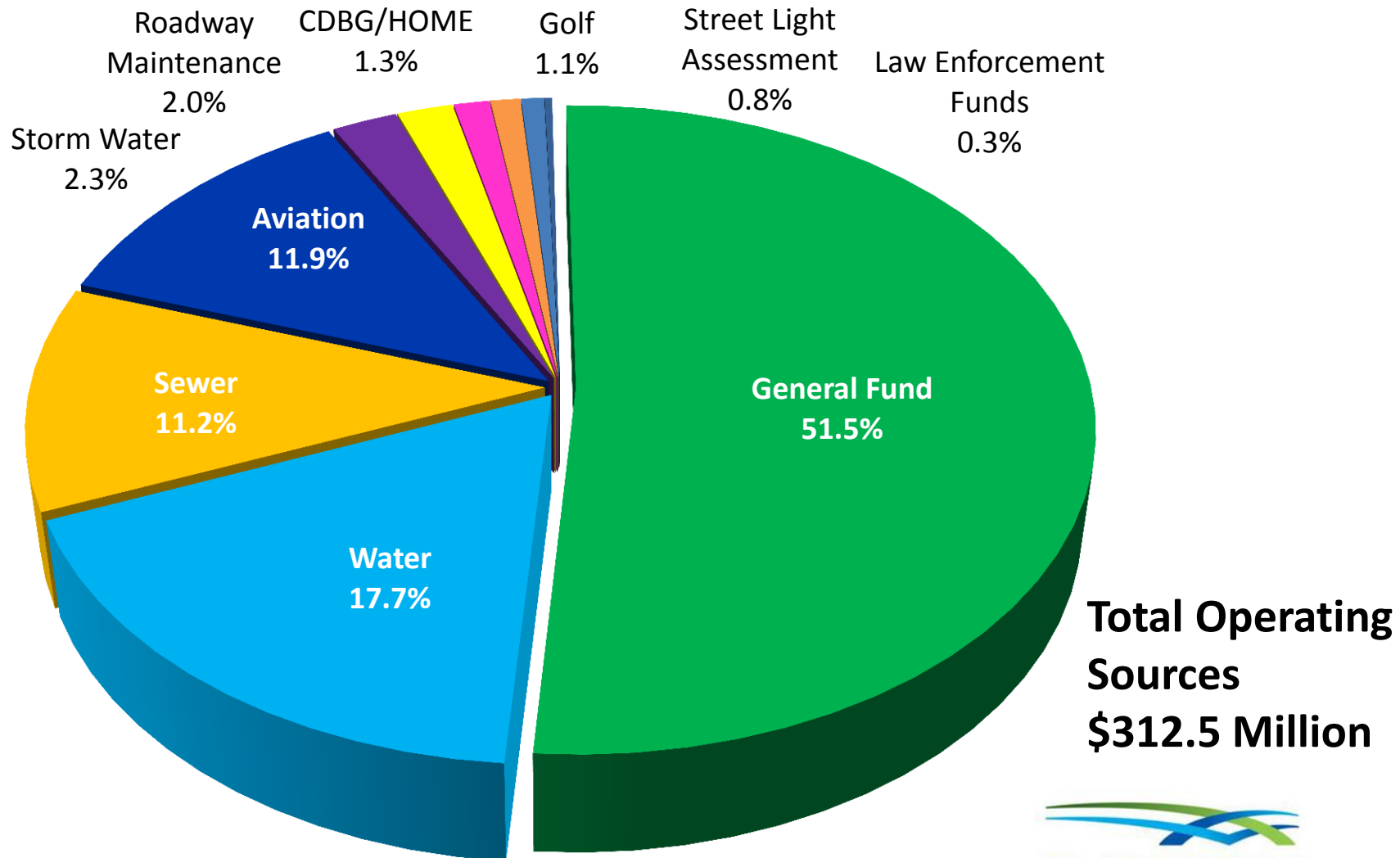
Issue 9 - Supplemental Budget		Notes:
Estimated Income Tax Proceeds	\$ 11,000,000	
Less Maintaining Service Levels	(2,500,000)	Incorporated into 2017 Budget
Net Income Tax Proceeds	8,500,000	
Non-Departmental	4,300,000	Pre-school Promise
Public Works	458,500	Vacant Land & Blvd. Mowing
Public Works	113,000	Equipment
Total Public Works Operating	571,500	
Transfer to Capital	3,384,500	Residential Road Resurfacing
Transfer to Capital	244,000	Parks Improvements
Total Transfers to Capital	3,628,500	
Total New Program Spending	\$ 8,500,000	

◆ The components of Issue 9 include:

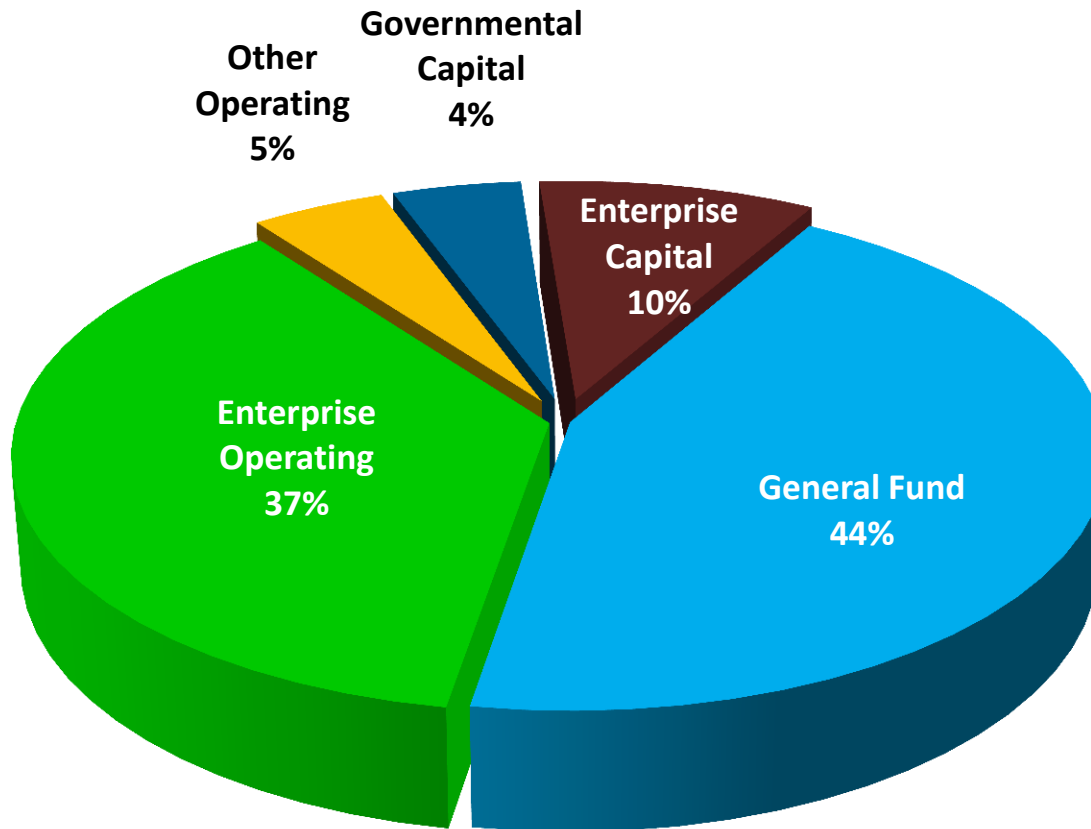
1. Maintain Public Safety service levels
2. Keep vacant lots and boulevards mowed
3. Repave 50+ miles of residential roads
4. Improve City Parks
5. Fund high quality pre-school in Dayton

◆ Quarterly Updates will be provided to the City Commission on the progress toward Issue 9 goals

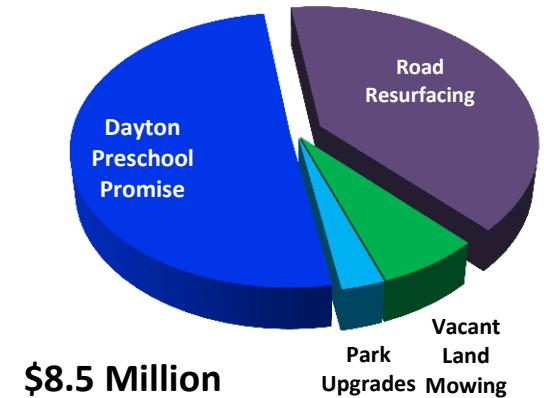
2017 Operating Budget Sources



2017 Operating & Capital Budget Sources



Issue 9 New Funding



**Total Operating & Capital Sources
\$363.2 Million**

2017 Operating & Capital Budget Sources

Sources	2016 Budget	2017 Budget	% Chg.
General Fund	\$ 158,532,000	\$ 160,950,000	1.5%
Water	54,672,800	55,357,400	1.3%
Sewer	34,513,800	34,945,500	1.3%
Aviation	34,550,500	37,258,900	7.8%
Storm Water	7,046,300	7,223,600	2.5%
Roadway Maintenance	5,866,900	6,193,000	5.6%
CDBG/HOME	3,879,100	3,958,000	2.0%
Golf	3,281,300	3,299,000	0.5%
Street Light Assessment	2,377,800	2,528,700	6.3%
Law Enforcement Funds	702,500	833,900	18.7%
Subtotal Operating	\$ 305,423,000	\$ 312,548,000	2.3%
Governmental Capital*	31,846,600	16,084,000	-49.5%
Enterprise Capital*	60,071,800	34,603,700	-42.4%
Subtotal Capital	\$ 91,918,400	\$ 50,687,700	-44.9%
Total Operating and Capital	\$ 397,341,400	\$ 363,235,700	-8.6%

*Does not
include PY
Unexpended
Appropriation

1. General Fund revenues including investments are up 1.5% on higher income taxes, fees, and licenses and permits offset by a decline in racino payments.
2. Water revenue is expected to increase due to increased volumes.
3. Sewer revenue is expected to increase slightly due to the inflationary increase.
4. Aviation revenue is expected to grow 8% due to higher airline rates and higher levels of PFC and CFC that support debt.
5. Storm Water is projected to climb 2.5% due to the inflationary increase and better collections rates.

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6. Roadway Maintenance revenue is expected to increase 6% as a result of higher charges for services and an operating transfer for equipment.
7. CDBG/HOME operating is projected to increase 2% while non-operating funds are projected to decline.
8. Golf revenue forecast is based on current trends.
9. Street Light Assessment revenue is experiencing higher collection rates.
10. Law Enforcement revenue reflects the current cash balances in these funds.
11. Governmental Capital is down due to several large projects that began in 2016.
12. Enterprise Capital is down as 2016 included Aviation Revenue Debt.

2017 General Fund Budget

General Fund	2013 Actuals	2014 Actuals	2015 Actuals	2016 Original Budget	2016 Revised Budget	2017 Original Budget	'16 Rev. to '17 Orig. \$ Chg.	'16 Rev. to '17 Orig. % Chg.
Revenues	156.04	155.20	158.77	158.53	157.98	160.95	2.97	1.9%
Issue 9	0.0	0.0	0.0	0.0	0.0	2.50	2.50	N.A.
Use of Cash Reserve	0.0	1.71	0.0	1.50	3.31	1.25	(2.06)	-62%
27th Payroll Transfer	0.0	0.0	2.25	0.0	0.0	0.0	0.0	N.A.
Total Sources	156.04	156.90	161.02	160.03	161.29	164.70	3.41	2.1%
Total Uses	154.72	156.90	160.07	160.03	161.29	164.70	3.41	2.1%
Annual Balance	1.32	0.0	0.95	0.0	0.0	0.0	0.0	N.A.

Notes:

All numbers in \$ millions.

1. Does not include special projects, which are reported separately.
2. Budget numbers do not include appropriated fund balance.

- \$1.25 million of cash reserve will be used to fund 2017 investments.
- The 2017 revenue budget is \$3 million or 1.9% higher than the 2016 original budget; however, it's just \$1.4 million higher than actual revenues in 1998.
- The 2017 budget includes \$2.5 million in support from Issue 9 for public safety.
- The 2017 budget would be at least \$12 million higher if the state had not significantly slashed state-shared sources.

2017 General Fund Revenue Forecast

(all numbers in \$ millions)

Revenue Category	2013 Actuals	2014 Actuals	2015 Actuals	2016 Original Estimate	2016 Final Estimate	2017 Original Estimate	'16 Rev. to '17 Orig. \$ Chg.	'16 Rev. to '17 Orig. % Chg.
Income Tax	101.93	102.65	107.41	109.36	109.14	111.29	2.15	2.0%
Property Tax & Other Taxes	6.18	6.24	5.95	6.06	5.99	6.00	0.01	0.2%
Waste Collection Fees	9.47	9.11	9.12	8.48	8.91	9.08	0.17	1.9%
EMS Fees	4.81	4.51	5.41	4.91	4.77	5.21	0.43	9.1%
Other Charges for Services	11.29	11.88	12.10	12.64	11.98	12.15	0.17	1.4%
Local Gov't Fund	6.89	6.74	7.07	6.67	6.59	6.87	0.28	4.3%
Other Intergovernmental	6.77	5.62	4.38	4.56	4.57	4.07	(0.50)	-10.9%
Fines and Forfeits	3.66	3.31	2.44	0.72	0.71	0.71	0.0	0.0%
Licenses and Permits	1.27	1.35	1.51	1.69	1.70	1.83	0.13	7.6%
Other Revenues	3.77	3.70	3.37	3.44	3.62	3.74	0.12	3.2%
Subtotal Revenues	156.04	155.10	158.77	158.53	157.98	160.95	2.97	1.9%
Issue 9 Support	0.0	0.0	0.0	0.0	0.0	2.50		
Total Revenues	156.04	155.10	158.77	158.53	157.98	163.45	5.47	3.5%
Use of Cash Reserve	0.0	1.71	0.0	1.50	3.31	1.25	(2.1)	-62.3%
27th Payroll	0.0	0.0	2.3	0.0	0.0	0.0	0.0	N.A.
Total Sources	156.04	156.80	161.02	160.03	161.29	164.70	3.4	2.1%
% Chg. from Previous Year		0.5%	2.7%	-0.6%	0.2%	2.1%		
\$ Chg. from Previous Year		0.77	4.21	(0.99)	0.27	3.41		

General Fund Revenue Assumptions

Income Tax: \$111.3 million 2.0% increase

- Usual forecast method – 4 statistical and 1 qualitative method
- Assumes continued economic recovery
- Assumes no negative shocks from loss of major employer or legislative changes

Property and Other Taxes: \$6.0 million 0.2% increase

- Assumes 96.7% collection rate (89.0% on current levy and 7.7% on delinquencies (based on 2016 activity)
- Assumes no change in valuations (triennial update in 2017/2018)
- Assumes Hotel Tax at \$595,000 (does not include revenue from new hotels)

Waste Collection Fees: \$9.1 million 1.9% increase

- Assumes 2016 increase will impact first quarter of 2017 due to implementation lag
- Assumes 1% increase as a result of inflation escalator

EMS Fees: \$5.2 million 9.1% increase

- Assumes current level of transport with 12 months of billings (2016 had 11)
- Assumes higher collection rate based on recent trends

General Fund Revenue Assumptions

Other Charges for Services: \$12.2 million 1.4% increase

- Assumes inflationary increases for various charges including Convention Center
- Assumes less contracted police patrol due to completion of I-75

Local Government Fund: \$6.9 million 4.3% increase

- Assumes certified estimate for State Dept. of Taxation (excepting Muni allocation)
- Assumes “redirects” to townships/villages will become permanent law

Other Intergovernmental: \$4.1 million 10.9% decrease

- Assumes casino taxes will be flat after climbing 3% during first 3 quarters of 2016
- Assumes expiration of state legislation enabling the \$500,000 Racino Payment

Fines and Forfeits: \$706,600 no increase

- Assumes flat fine revenue due to proposed changes in parking enforcement
- State restrictions to Public Safety Photo Enforcement eliminated \$1.7M in revenue

General Fund Revenue Assumptions

Licenses and Permits: \$1.8 million 7.6% increase

- Assumes steady growth in license revenue
- Assumes modest growth in permits after 2 strong years of performance
- Assumes new fee structure for permits

Other Revenue: \$3.7 million 3.2% increase

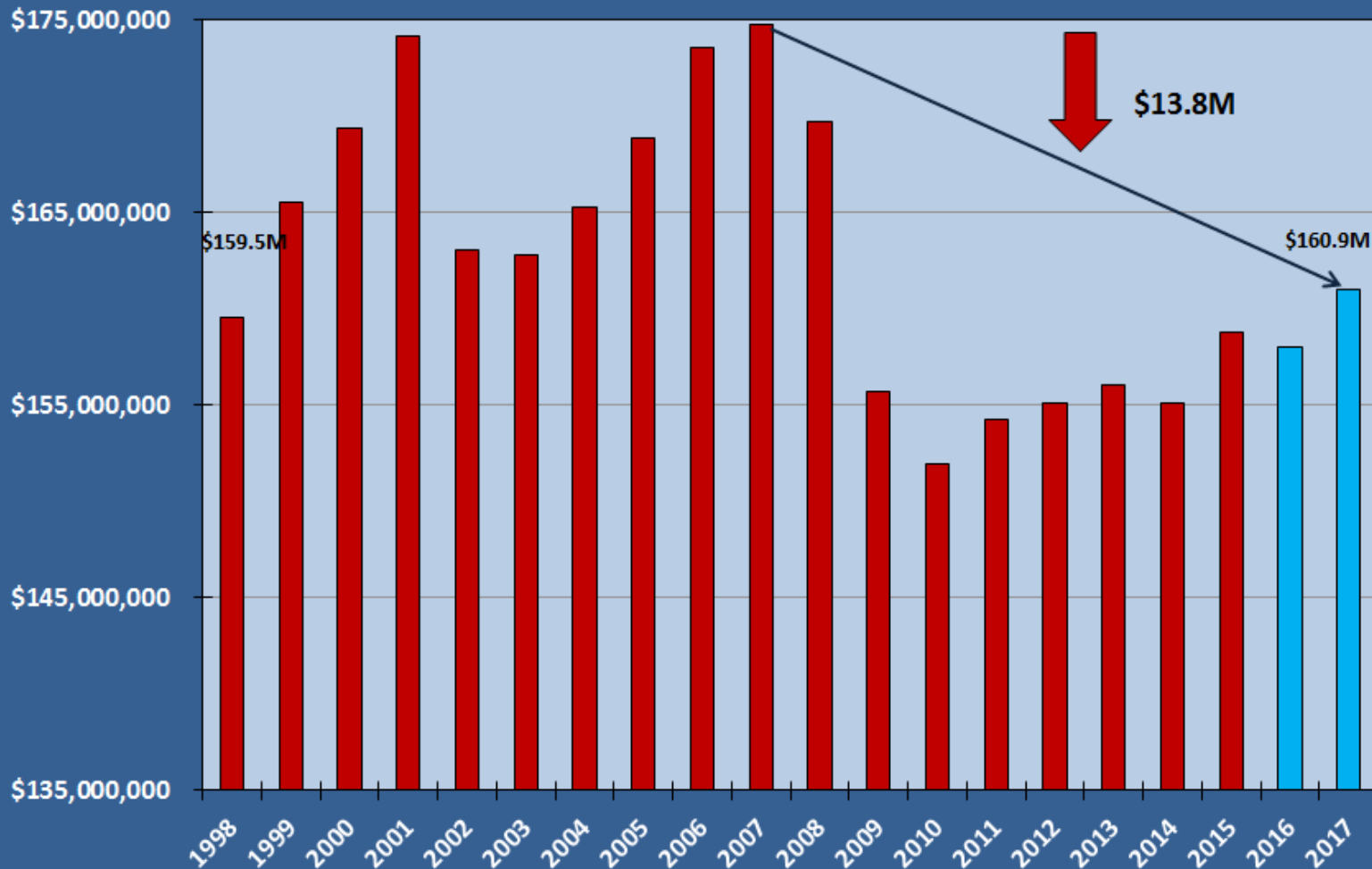
- Assumes 25% increase in portfolio yield due to higher anticipated interest rates
- Assumes \$175,000 in special assessments for weed mowing
- Assumes an increase of 4.6% or \$120,000 due to various miscellaneous sources

Property Tax Collection Rates

Collections	2013	2014	2015*	2016
Residential	6,829,090	6,771,238	6,155,301	6,161,531
AR-Rollbacks/Homestead	1,950,139	1,939,453	1,769,875	1,736,420
Commercial/Industrial	3,707,643	3,776,791	3,710,989	3,852,707
Public Utility	845,358	927,277	906,841	864,286
Trailer	12,289	17,512	17,044	16,284
Tangible Personal Prop.	0	0	60	0
Delinquency Collections	895,002	1,136,015	1,109,564	1,088,396
Total	14,239,521	14,568,287	13,669,673	13,719,625
% Chg from Prev Yr.		2.3%	-6.2%	0.4%
Total Value	1,527,043,290	1,545,990,210	1,420,769,660	1,419,103,270
10 Mills	15,270,433	15,459,902	14,207,697	14,191,033
% Chg from Prev Yr.	-2.9%	1.2%	-8.1%	-0.1%
% No Pay	12.6%	13.1%	11.6%	11.0%
% Prior Year Collections	5.9%	7.3%	7.8%	7.7%
% Current Year Collection	87.4%	86.9%	88.4%	89.0%
% Total Collection	93.2%	94.2%	96.2%	96.7%
* Revaluation				

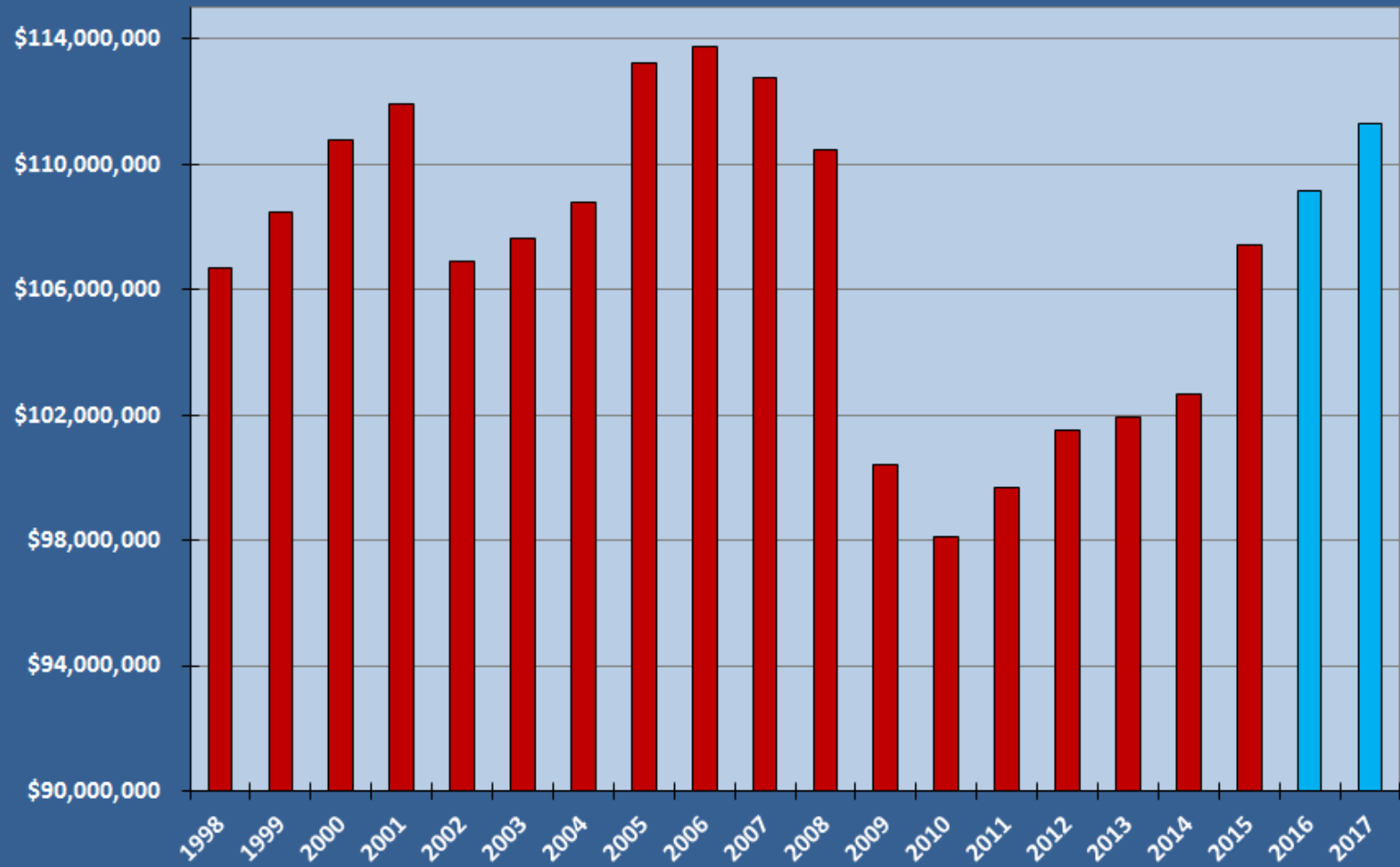
- Values declined 8.1% in 2015 and were flat in 2016
- 2016 realized the highest collection rate since 2008

Total General Fund Revenue



* 2016 and 2017 are Estimates

Income Tax Collections



* 2016 and 2017 are Estimates

2017 Expenditure Budget Highlights

1. Supplemental budget to maintain Fire/EMS and Police Services as well as expanded services, investments and programs.
2. Increased emphasis on customer service.
3. Investments in technology and equipment to improve efficiency (e.g. replacement of in car cameras).
4. Reduced use of cash reserve.
5. Funding for police recruit classes in both Police and Fire.
6. Creative use of outside funding sources.
7. Regional initiatives – new radio system will be supported by annual user fees.
8. Wage increase of 2%, step increases, higher health insurance costs factored into budget.

CSA Expenditure Budgets

Community Service Area/Department		2016 Original Budget	2017 Original Budget	Percent Change	Dollar Change	Notes
General Fund						
Economic and Community Development						
Economic Development		1,020,600	934,400	-8.4%	(86,200)	A
Zoning Administration		319,700	348,200	8.9%	28,500	B
Planning & Community Dev.		1,776,500	1,804,300	1.6%	27,800	
Development Fund Transfers		2,750,000	2,750,000	0.0%	-	
Demolition Fund Transfer		1,000,000	1,000,000	0.0%	-	
Convention Center		2,768,500	2,334,600	-15.7%	(433,900)	C
Recreation and Youth Service		3,705,000	3,726,200	0.6%	21,200	
Water		102,600	110,800	8.0%	8,200	
Aviation		5,359,100	5,396,800	0.7%	37,700	
CDBG/HOME		1,236,500	1,216,400	-1.6%	(20,100)	
Golf		3,281,300	3,295,800	0.4%	14,500	
Subtotal		23,319,800	22,917,500	-1.7%	(402,300)	
Justice						
Police		48,597,100	50,329,600	3.6%	1,732,500	D
Municipal Court		4,162,700	4,386,000	5.4%	223,300	E
Clerk of Courts		3,474,300	3,564,400	2.6%	90,100	
Law (Prosecutor's Office)		1,299,300	1,210,500	-6.8%	(88,800)	F
Human Relations Council		768,200	797,000	3.7%	28,800	
Law Enforcement Funds		702,500	833,900	18.7%	131,400	
Subtotal		59,004,100	61,121,400	3.6%	2,117,300	

CSA Expenditure Budgets

Community Service Area/Department	2016 Original Budget	2017 Original Budget	Percent Change	Dollar Change	Notes
Building and Environmental Safety					
Fire	38,615,000	39,330,500	1.9%	715,500	G
Fire Retro Pay (carried forward from 2015)	550,000	-	-100.0%	(550,000)	
Housing Inspection	986,400	1,129,600	14.5%	143,200	H
Building Inspection	1,718,500	1,838,700	7.0%	120,200	I
Waste Collection	10,123,900	10,707,900	5.8%	584,000	
Environmental Protection	86,200	92,100	6.8%	5,900	J
Water	26,940,400	27,704,300	2.8%	763,900	
Sewer	16,347,300	16,729,100	2.3%	381,800	
Aviation	6,863,900	6,934,700	1.0%	70,800	
Storm Water	588,100	608,400	3.5%	20,300	
CDBG/HOME	2,486,600	2,586,600	4.0%	100,000	
Subtotal	105,306,300	107,661,900	2.2%	2,355,600	
Infrastructure					
Capital Improvements Transfer	1,553,300	2,750,000	77.0%	1,196,700	K
Civil Engineering	1,678,300	1,743,200	3.9%	64,900	
Public Works Administration	455,700	461,700	1.3%	6,000	
Street Maint./Parks and Forestry	4,148,200	4,069,300	-1.9%	(78,900)	M
Water	23,464,300	23,440,300	-0.1%	(24,000)	
Sewer	17,912,600	18,171,800	1.4%	259,200	
Aviation	24,236,300	24,919,700	2.8%	683,400	
Storm Water	6,446,200	6,615,200	2.6%	169,000	
Roadway Maintenance	5,866,900	6,193,000	5.6%	326,100	
Street Light Assessment	2,233,000	2,528,700	13.2%	295,700	
Subtotal	87,994,800	90,892,900	3.3%	2,898,100	

CSA Expenditure Budgets

Community Service Area/Department	2016 Original Budget	2017 Original Budget	Percent Change	Dollar Change	Notes
Corporate Services					
Finance	3,033,800	3,047,300	0.4%	13,500	
Central Services	14,900,700	14,541,000	-2.4%	(359,700)	N
Human Resources	1,106,600	1,116,800	0.9%	10,200	
Civil Service	1,352,200	1,642,900	21.5%	290,700	O
City Commission Office	1,144,900	1,233,900	7.8%	89,000	
City Manager's Office	1,336,000	1,374,500	2.9%	38,500	
Office of Management and Budget	991,500	1,051,000	6.0%	59,500	
Non Departmental	2,597,600	3,062,200	17.9%	464,600	R
Public Affairs	733,100	772,500	5.4%	39,400	
Law (Civil Division)	1,278,200	1,549,700	21.2%	271,500	P
Water	4,165,500	3,932,000	-5.6%	(233,500)	
Sewer	212,200	-	-100.0%	(212,200)	
Avaiton	79,600	-	-100.0%	(79,600)	
Storm Water	8,100	-	-100.0%	(8,100)	
CDBG/HOME	<u>156,000</u>	<u>155,000</u>	-0.6%	(1,000)	
Subtotal	33,096,000	33,478,800	1.2%	382,800	
Grand Total	<u>308,721,000</u>	<u>316,072,500</u>	2.4%	7,351,500	

Note: Does not include General and Enterprise Capital Improvement Programs which will be presented separately.

2017 Budget Notes

- A. Economic Development reduced professional services budget; however new electrical inspector will be filled from higher permit fees.
- B. Higher health insurance costs due to change in employee profiles.
- C. Transportation Center Garage is transitioning to Central Services. But for this change, Convention Center costs would be up 1.6% or 43,100.
- D. Police includes 2 recruit classes and higher level of capital equipment.
- E. Municipal Court budget includes second year of two year transition to new compensation plan.
- F. Law reflects the transfer of an attorney position and reduction in contractual services.
- G. Fire includes a recruit class of 21, funding for radio user fees (\$260,000 annually) and costs related to Bunker Gear and the Wellness Fitness Initiative.

2017 Budget Notes

- H. Housing Inspection reflects additional funding to fill a position that was vacant all of 2016.
- I. Building Inspection includes a second Electrical Inspector which will be funded from increased permit fees.
- J. Reflects one position.
- K. Increased cash capital transfer will help fund local cash matches for transportation projects and needed facility improvements.
- L. Municipal Court budget includes second year of two year transition to new compensation plan.
- M. Less equipment funded in operating budgets in 2017 given debt financing for equipment in 2016.

General Fund Cash Reserve Estimate

(all numbers in \$ millions)

Cash Reserve Estimate (in millions)		
January 2016 Cash Reserve	\$ 24.70	
Less Planned Use of Cash Reserve	0.00	No Use Anticipated Currently
Total 2016 Cash Reserve	\$ 24.70	
Estimated 2016 Cash Reserve Range	\$ 31.90	Maximum (10-weeks)
	\$ 19.14	Minimum (6-weeks)
Reserve over Minimum	\$ 5.56	
Less increase to cover 2017 Appropriation	\$ (1.51)	Higher Appr. due to Issue 9
Estimated Available Reserves	\$ 4.05	Over Minimum
2017 Planned Use of the Cash Reserve	\$ (1.25)	
2017 Estimated Amount over Minimum	\$ 2.80	

- The \$1.25M Use of the Reserve in 2017 is for Investments.
- The cash reserve can fluctuate from year to year based on the amount of outstanding encumbrances at year end.

2017 Budget Presentation Schedule

Date (Weds.)	Time	Community Service Area	2017 City Manager's Recommended Budget Topics/Departments Included
11.9.16	9:30 – 11:30AM	2017 Budget Overview	Community Service Area Overviews, Revenue Estimates, Expenditure Overview (incl. Cap. Equip.)
11.16.16	3:30 – 5:30PM	Economic and Community Development	Economic Development, Convention Center, Planning & Comm. Development, Recreation & Youth Services, Aviation
11.23.16	9:30 – 11:30AM	Justice	Police, Law (Prosecutor), Planning & Comm. Dev., Human Relations Council, Courts
11.30.16	3:30 – 5:30PM	Building and Environmental Safety	Fire, Economic Development (Building Inspection), PCD (Housing Inspection), Public Works (Waste Collection), Water (Environmental Protection), Airport Safety Services
12.7.16	3:30 – 5:30PM	Infrastructure	Water, Pubic Works (Street Maintenance, Engineering), Capital Projects (including debt position), Water, Airport Operations and Facilities
12.14.16	9:30 – 11:30AM	Corporate Services, Governance	Finance, Central Services, Civil Service, Public Works, OMB, Public Affairs, Law, Human Resources, Internal Service Funds
12.21.16	3:30 – 5:30PM	Wrap Up	Wrap Up, 2017 Citizen Input process, financial policy updates and accomplishments in early 2017
12.28.16	9:30 – 11:30AM	Back Up	Adoption of Budget Resolution

Overview Summary

1. The City Manager is proposing a 2017 Balanced Budget.
2. The passage of Issue 9 will help support the budget and will provide needed investments, services and programs.
3. We have made progress in terms of equipment and infrastructure replacement.
4. However, we still have significant shortfalls for funding major capital improvements (demolition, City facilities, local matches on transportation projects).
5. Long-term, continued cost containment will be necessary given the cost of government will likely continue to outpace the growth in revenues.